

9900778

**BOULT
CUMMINGS
CONNERS
& BERRY_{PLC}**

LAW OFFICES
414 UNION STREET, SUITE 1600
POST OFFICE BOX 198062
NASHVILLE, TENNESSEE 37219

Henry Walker
(615) 252-2363
Fax: (615) 252-6363
Email: hwalker@bccb.com

November 12, 1999

REC'D TN
REGULATORY AUTH.

NOV 16 PM 4 21

TELEPHONE (615) 244-2582

FACSIMILE (615) 252-2380

INTERNET WEB <http://www.bccb.com/>

EXECUTIVE SECRETARY

RECEIVED
TN REG. AUTHORITY

NOV 16 1999

ENERGY & WATER DIVISION

Michael Horn
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0500

Re: Gasco Distribution Systems

Dear Michael:

Gasco has provided me with the following documents in response to your request for information. If you have any questions, please feel free to call me at 252-2363.

Sincerely,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: *Henry*
Henry Walker

HW/nl

FILE



GASCO

DISTRIBUTION SYSTEMS, INC.

4435 EAST PIKE

ZANESVILLE, OH 43701

OFFICE 740 454-6198

FAX 740 454-7780

November 10, 1999

Mr. Henry Walker
Boult, Cummings & Berry, PLC
414 Union St., Suite 1800
P.O. Box 188062
Nashville, TN 37219

re: Docket No. 99-00778
Petition of Gasco Distribution
Systems, Inc. for approval of
Special Contract

Dear Henry:

We have received Mr. Michael Horne's November 2, 1999 letter requesting clarification the following points:

1. The correct charge for liquidated damages is \$0.525 per MMBtu as stated in the Gas Service Agreement Section 3.5 (B) language.
2. Article V, Section 5.1, Contract Price. Attached is a sample invoice and an example of the pricing methodology.
3. The service location of the wood kiln facility in relation to other gas utility service. The Gernt wood kiln facility is located in Fentress County, approximately three miles northeast of the town of Allardt. There are no other natural gas utility companies serving this area. This is a very rural area. Fentress County only has one gas company, the Jamestown gas company. The Jamestown gas company has declined to serve the Gernt wood kiln facility and this area of the county, they do not have gas lines near this area.
4. Has this facility received gas service from other utility sources? This is a newly built facility this Fall of 1999 and therefore has never received previous service.
5. Provide a rate comparison for the proposed Gernt special contract with other Gasco special contracts? Gasco only has two other special contracts with industrial customers. The Gernt special contract utilizes the same gas pricing determination mechanism and Gas Service Agreement previously approved by the TRA for the two other industrial special contracts. The other two industrial plants are the Hutchison plants located in Pickett County.

Please give me a call if you have any questions.

Very truly yours,

Kenneth D. Magyar

FILE



GASCO
DISTRIBUTION SYSTEMS, INC.

4435 EAST PIKE

ZANESVILLE, OH 43701

OFFICE 740 454-8188

FAX 740 454-7780

INVOICE

Estate of Bruno Gernt, Inc.
1905 Michigan Avenue
P.O. Box 69
Allardt, TN 38504

Invoice No.: 10159901
Invoice Date: 11/10/99
Due Date: 10/20/99

Attn: Edward N. Wiley V

DELIVERY/SALES POINT: Estate of Bruno Gernt, Inc. delivery meter

CONSUMPTION MONTH: September 1999

Actual Quantity DTH	Actual Quantity McF	Rate/DTH	Amount
0	0	\$0.0000	\$0.00

TOTAL AMOUNT DUE **\$0.00**

Wiring Instructions:
Gasco Distribution Systems, Inc. Account #30049520
The First National Bank
Zanesville, OH
ABA # 044101169

Estate of Bruno Gernt, Inc. is responsible for paying any and all Local, State, and Federal Taxes

FILE



GASCO

DISTRIBUTION SYSTEMS, INC.

4435 EAST PIKE

ZANESVILLE, OH 43701

OFFICE 740 454-8198

FAX 740 454-7780

Example Natural Gas pricing

November 10, 1999

The following is an example of the natural gas pricing for the month of September 1999 for natural gas delivered to the Estate of Bruno Germt, Inc.:

\$ 2.912 / MMBtu

0.6500 / MMBtu

\$ 3.562 / MMBtu

\$ 3.562 / MMBtu

0.3562 / MMBtu

0.2493 / MMBtu

0.6000 / MMBtu

\$4.7675 / MMBtu

September, 1999 Nymex contract close

TGP and ETNG transport fees

@ Titan ETNG gate

Than redelivery fees

Proration (estimate)

Retainage

Redelivery fee

@ Germt delivery meter

Please note the proration is an estimate. The actual volumes are used to calculate this number after the sales month.

FILL



GASCO

DISTRIBUTION SYSTEMS, INC.

4435 EAST PIKE

ZANESVILLE, OH 43701
OFFICE 740 454-6198
FAX 740 454-7780

Example Natural Gas pricing November 17, 1999

EXECUTIVE SECRETARY

The following is an example of the natural gas pricing for the month of September 1999 for natural gas delivered to the Estate of Bruno Germt, Inc.:

\$ 2.912 / MMbtu	September, 1999 Nymex contract close
<u>0.6500</u> / MMbtu	TGP and ETNG transport fees
\$ 3.562 / MMbtu	@ Titan ETNG gate
\$ 3.562 / MMbtu	Titan redelivery fees
0.3562 / MMbtu	Proration (estimate)
0.2493 / MMbtu	Retainage
<u>0.6000</u> / MMbtu	Redelivery fee
\$4.7675 / MMbtu	@ Germt delivery meter
\$4.9344 / Mcf	BTU conversion 1.035

Please note the proration is an estimate. The actual volumes are used to calculate this number after the sales month.

When comparing the Germt Kiln to Gasco's others tariff Industrial customers, the important differences are that Gasco's current customers are primarily Winter seasonal consumers and use significantly less gas volumes per weekday than the proposed Germt Kiln (estimated at 30 - 50 mcf per day with the variations due to the moisture content of the green lumber). The Germt Kiln also had the option to burn alternative fuels such as propane, since they are a 24 hour a day 7 days a week operation, unlike Gasco's other customers. To compete with the alternative fuels Gasco needed to negotiate special contract terms.

FILE

City of Jamestown

314 EAST CENTRAL AVENUE

POST OFFICE BOX 070

JAMESTOWN, TENNESSEE 36558

931-879-0015 OFFICE

931-879-3543 FAX

REC'D IN
REGULATORY DIV.

NOV 18 AM 8 29

GWENITH DUNCAN, MAYOR
SARAH A. THREET, RECORDERALDERMEN:
EXECUTIVE SECRETARY BOB BOWGEORGE BURNETT
D. E. (GENE) HOLT
GLENN REAGAN
HAROLD WHITEO

November 17, 1999

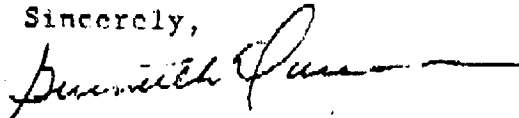
Mr. Mike Horne
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Horne:

The City of Jamestown Gas System has no objection to GASCO Distribution Systems, Inc. supplying natural gas to the Gernt Lumber Company kiln dry operation.

We further believe that this business will be a boost to the economy in our area.

Sincerely,

Gwenith Duncan
Mayor

GD:dyr

Enclosure

FILE

CITY OF JAMESTOWN

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF JAMESTOWN, TENNESSEE:

That the City of Jamestown hereby makes the following recommendation to the Fentress County Board of Commissioners regarding granting a Franchise to GASCO Distribution Systems, Inc. 10:00 AM 8 29

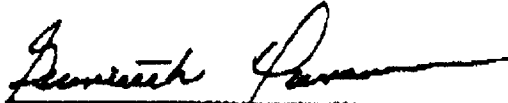
WHEREAS, the City of Jamestown has recently spent one million dollars (\$1,000,000) for the installation of new gas pipelines and probably will spend 1.5 million dollars (\$1,500,000) in the near future. We sincerely believe that to grant a Franchise county-wide to GASCO would harm the Jamestown Gas System financially.

THEREFORE, we propose a Franchise for said company East of the present and existing gas pipeline that runs South to North through Fentress County, and only one-half (1/2) mile West of the existing gas pipeline.

PASSED ON SINGLE READING THIS 23rd DAY OF AUGUST, 1999.

Ayes:	<u>4</u>
Nays:	<u>0</u>
Absent:	<u>1</u>
Not Voting:	<u>0</u>

APPROVED by me this 23rd day of August, 1999.


GWENITH DUNCAN
MAYOR

ATTEST:


SARAH THREET
CITY RECORDER

FILE